

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 97-111-W/S - ORDER NO. 97-492  
JUNE 9, 1997

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IN RE: Application of Coastal Utilities, Inc.	)	ORDER
for Approval of the Transfer of its Water	)	APPROVING
and Wastewater Facilities and Territory to	)	TRANSFER
Hilton Head No. 1 Public Service District	)	
(PSD #1).	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Coastal Utilities, Inc. (Coastal or the Company) pursuant to S.C. Code Ann. Regulations R. 103-504 and 103-704, and other applicable Rules and Regulations of the Commission for approval to transfer its water and wastewater facilities and territory to Hilton Head No. 1 Public Service District (PSD #1).

By letter, the Commission's Executive Director instructed Coastal to cause to be published a Notice of Filing in a newspaper of general circulation in the area affected by the Company's Application, and to notify its customers individually of the proposed transfer. The Notice of Filing indicated the nature of the Company's Application and advised all interested parties desiring participation in the scheduled proceeding of the manner and time in which to file the appropriate pleadings. The Company furnished affidavits demonstrating that the Notice was duly published and sent to all customers in accordance with the

instructions of the Executive Director. No Petitions to Intervene or Protests were received.

Coastal noted the following salient facts. Coastal is a South Carolina corporation which is authorized to provide water and sewer services to the public. Coastal's current schedule of rates and charges was approved in Commission Order No. 84-37, Docket No. 83-277-W/S dated January 13, 1984. Maps of Coastal's authorized territory, which is located on Hilton Head Island in Beaufort County, are on file with the Commission. Coastal's operations in South Carolina are subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. Section 58-5-10 et. seq. (1976, as amended).

PSD No. 1 is a special purpose district as defined in S.C. Code Ann. Section 6-11-410(a) (1976, as amended) and is authorized to provide water and sewer utility service in certain areas of Beaufort County, including Applicant's authorized territory.

PSD #1 has developed an orderly plan for the combination of its water and wastewater facilities with those of Coastal which, because of the economies of scale and concentrated financial power which would result therefrom, will allow for development of more efficient and better quality water and wastewater services to customers in Coastal's and PSD #1's service areas. Absent such a combination, Coastal would be required to incur, and pass on to its customers significant capital costs and expenses to make such improved services available. Moreover, the consolidation of water and wastewater systems will improve and simplify environmental

compliance. Coastal therefore desires to terminate its public utility functions and transfer its water and wastewater facilities and territory to PSD #1, and believes that such a transfer will be in the public interest for the aforesated reasons. A contract between PSD #1 and Coastal has been negotiated, whereby PSD #1 will acquire the water and wastewater facilities presently held by Coastal.

According to Coastal, if the Application is granted, residential customers in Coastal's current service area will be charged for services at PSD #1's standard rates, as provided in PSD #1's rate schedule. Although the Application of PSD #1's rates to Coastal customers will result in a slight increase in monthly charges to Coastal's residential customers, Coastal submits that the slight increase in rates is outweighed by the benefits that will accrue to Coastal's customers from the transfer. According to Coastal, closing of the Agreement is expressly contingent, among other things, upon Coastal obtaining the approved of the Commission to transfer its facilities and territory.

PSD #1 is committed to Beaufort County Council, should the Application be granted, that its water and sewer lines will be extended to lesser developed areas of Hilton Head Island which are not now served by any water and/or sewer utility. Thus, according to Coastal, benefits from the proposed transfer will accrue not only to Coastal and PSD #1 customers, but to other residents of Hilton Head Island as well. Coastal states that it is in the best

interest of the customers within Coastal's service area, customers in PSD #1's service areas, other residents of Hilton Head Island, and the public in general, that this Commission approve the transfer of Coastal's water and wastewater facilities and territory to PSD #1.

Transfers of utilities are governed by Regulations 103-504 and 103-704. Under such Regulations, the Commission must examine the matter and determine that a Certificate shall be issued that the sale or acquisition is in the public interest. We have examined this matter and believe that the sale is clearly in the public interest. It appears that Coastal's customers can do nothing but benefit from the sale, and that the benefits extend to other residents of Hilton Head Island as well.

Further, since this matter has been noticed, and no Petitions to Intervene or Protests have been received, we see no need for the hearing provided for in R.103-504 and 103-704, and accordingly pursuant to R.103-501 and 103-701, we waive these requirements of the Regulations. Further, we believe that the performance bond presently held on behalf of Coastal Utilities, Inc. should be cancelled as soon as the closing and transfer are complete.

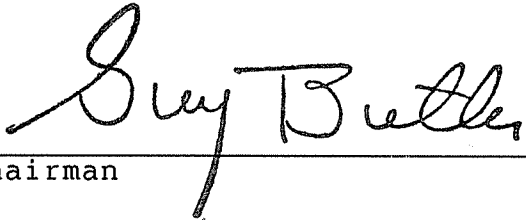
IT IS THEREFORE ORDERED THAT:

1. The hearing in the matter shall be waived.
2. The proposed transfer of facilities and territory is approved, and the requested Certificate is granted.
3. The performance bond shall be cancelled at or after the

time of official closing wherein the transfer shall be completed to PSD #1.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)